

## The complaint

Mr K is unhappy that a car supplied to him under a hire purchase agreement with Volkswagen Financial Services (UK) Limited, trading as Volkswagen Financial Services ('VWFS') was of an unsatisfactory quality.

## What happened

On 14 March 2025, Mr K was supplied with a used car through a hire purchase agreement with VWFS. He paid an advance payment of £192.78 and the agreement was for £19,088.22 over 60 months; with monthly payments of £400.69. At the time of supply, the car was almost four years old and had done 47,056 miles (according to the agreement).

On 21 March 2025, Mr K returned to the supplying dealership as he was having issues with the car – he said there were issues with the gears, clutch, engine, and brakes, as well as with the infotainment system and steering wheel buttons. He also reported cosmetic issues with the rear bumper. The dealership undertook most of the repairs the same day, although the car needed to be returned a few days later for a manufacturer's recall software update to fix the infotainment system and steering wheel button issues.

Mr K declared the car as being off the road through a Statutory Off Road Notice (SORN) on 21 March 2025, and he refused to collect it from the dealership. He raised a complaint with VWFS on 8 April 2025, asking to be able to reject the car and terminate the agreement.

VWFS didn't agree the car could be rejected, as the repairs had been satisfactorily completed. However, they did offer Mr K a 50% refund of four monthly payments, plus compensation, for what had happened – a total of £1,201. Unhappy with this outcome, Mr K brought the matter to the Financial Ombudsman Service for investigation.

Our investigator said the dealership had accepted there were faults with the car when it was supplied, and they had fixed these issues. There was no evidence to show that these repairs failed, or that the car remains of an unsatisfactory quality, so the investigator didn't think VWFS needed to do anything more.

Mr K didn't agree with the investigator's opinion. He said that it felt he was *"being compelled to accept a vehicle that fails to meet my expectations and standards"* and that he'd officially rejected the car a number of months earlier. So, he thought the decision not to allow rejection was *"entirely unjust"* and didn't take into consideration that he'd been making payments to VWFS throughout, while having to secure alternate transportation. He said that this had caused him a financial burden and mental stress.

Mr K also explained that, while he financed the car in his sole name, it was always intended to be driven by his wife, who needed *"a dependable, high-quality car to meet the demands of her challenging work hours."* Because Mr K didn't agree, this matter has been passed to me to decide.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, my decision will be based on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

My role is to decide what's fair and reasonable 'in the round', in line with our service's remit. When considering matters, I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards; codes of practice; and (if appropriate) what I consider was good industry practice at the time. When reaching a decision on what's a fair way to resolve this complaint, I don't have to reach the same view as, for example, a court might reach when considering a breach of contract or misrepresentation.

Mr K was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, VWFS are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless VWFS can show otherwise. So, if I thought the car was faulty when Mr K took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask VWFS to put this right.

Part of Mr K's complaint is that the car had some minor cosmetic damage – internal and external scratches and a missing wheel cap. I've noted that Mr K didn't purchase the car under the Distance Selling Regulations i.e. he saw and had the opportunity to examine the car prior to purchase/on collection. Section 9(4) of the CRA is clear that, where a consumer has had the opportunity to examine the goods before or at the point of purchase, and where there are clear and obvious cosmetic issues (as was the case here), or when an examination ought to have revealed a defect, then there is assumed acceptance of that defect, and it doesn't make the goods of an unsatisfactory quality at the point of supply.

The CRA also gives consumers a 30-day short-term right to reject. However, this right only exists when the goods were of an unsatisfactory quality – it does not exist if a customer simply changes their mind about the goods purchased. The CRA also allows for a single chance of repair. In this instance, Mr K returned the car to the dealership for repair, and, in doing so, his right of rejection only exists if that repair was unsuccessful.

In this instance, the single chance of repair took place in two parts – the dealership completed a full health check and carried out any necessary repairs on 21 March 2025, and they completed the manufacturer's software recall on 24 March 2025, to resolve the infotainment and steering wheel button issues. I'm satisfied this was a reasonable course of action and classes as the single chance of repair under the CRA.

As I've already said, Mr K was still able to reject the car following this repair, but only if the single chance of repair failed i.e., an attempt to repair all the reported issues with the car was unsuccessful, and some/all of these faults remained. However, I haven't seen anything to show me that the repairs failed, and Mr K refused to collect the car, asking to reject it instead. But, with no evidence of a failed repair, I'm unable to agree that Mr K had the right of rejection and he was not able to reject the car.

What's more, by refusing to collect the car, Mr K essentially abandoned it. This could be seen as a breach of the agreement – the requirement to keep the vehicle in his possession and under his control. Refusing to collect the car also doesn't absolve Mr K of his obligations under the agreement, such as maintaining payments to VWFS, ensuring the car is taxed and insured, and ensuring it is kept in good repair and condition.

As things stand, Mr K is still able to collect the car from the dealership. However, it may well be the case that the car has developed problems simply as a result of sitting unused for such an extended period of time. If that's the case, unless Mr K can provide evidence that any current issues with the car were present or developing at the point of supply and have not been caused as a result of the abandonment, VWFS aren't responsible. If Mr K wishes to do this, given the time that's passed, I would usually say that a report from an independent engineer would be required, detailing the root cause of any issues.

Notwithstanding the above, VWFS have acknowledged there were delays in communication, and a lack of timely updates, which impacted Mr K's confidence in the complaints process. As a result of this, they have offered Mr K a total of £1,201 compensation, made up of payment refunds and compensatory payments, to recognise the poor customer service Mr K experienced. In the circumstances, I feel this is a fair offer, and one VWFS should honour.

### **Putting things right**

VWFS should pay Mr K the £1,201 offered in their complaint response letter of 29 July 2025, to compensate him for the trouble and inconvenience caused. They must pay this compensation within 28 days of the date on which we tell them Mr K accepts my final decision. If they pay later than this date, they must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment<sup>†</sup>.

<sup>†</sup>If HM Revenue & Customs requires VWFS to take off tax from this interest, they must give Mr K a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold Mr K's complaint about Volkswagen Financial Services (UK) Limited, trading as Volkswagen Financial Services. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 22 May 2026.

Andrew Burford  
**Ombudsman**